

The complaint

Mr C complains that Mitsubishi HC Capital UK plc trading as Hitachi Capital Vehicle Solutions wrongly recorded adverse information about his account with credit reference agencies.

What happened

Mr C acquired a car by way of a Hire Agreement with Hitachi. He says he returned the car and paid the outstanding balance in May 2020. He says he became aware, in April 2021, when he tried to switch his mortgage account, that Hitachi had recorded adverse information about his account with credit reference agencies. He complained to Hitachi.

Hitachi investigated his complaint. It acknowledged it had incorrectly recorded an outstanding balance on his account with credit reference agencies. It said this was due to an administration error. It said it would now correct the information it had recorded and mark his account as settled. It apologised for what had happened and paid him £200 by way of compensation for the distress and inconvenience he'd experienced as a result of what happened.

Mr C didn't think that Hitachi had done enough to resolve his complaint. He said that because of the adverse information his attempt to switch his mortgage to a new provider had been delayed. Hitachi didn't agree. It said it had corrected the information recorded with credit reference agencies and this issue shouldn't impact on Mr C's ability to obtain credit. It didn't offer to compensate him any further. Mr C referred his complaint to our service.

Our investigator looked into Mr C's complaint. He said he was persuaded that it was likely Mr C's application to switch his mortgage had been declined because of the adverse information Hitachi had recorded. The fixed rate on Mr C's "old" mortgage was due to end on 1 May 2021. He'd applied to the "new" mortgage provider in April and it was then that he became aware of the adverse information. Hitachi had accepted its error and confirmed that it would remove the adverse information in its letter dated 3 June 2021.

Our investigator said it was hard to quantify Mr C's reasonable loss. He thought, on balance, the mortgage switch had been delayed by about one month. So, he said Hitachi should pay Mr C the difference, for one month, between the fixed rate on the "old" mortgage and the variable rate he'd had to pay his old mortgage provider. That was £444.63. Our investigator thought that the £200 Hitachi had paid Mr C for distress and inconvenience was fair and reasonable. He didn't think it should have to pay him anything further.

Hitachi responded to what our investigator said. It asked for evidence of the difference in the mortgage payment Mr C had paid. Our service provided this to Hitachi but Hitachi hasn't confirmed it accepted what our investigator said or provided any further comments.

Because Hitachi hasn't agreed with what our investigator said, the complaint was passed to me to decide. I issued a provisional decision in which I said:

What I've provisionally decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

There is no dispute that Hitachi wrongly reported adverse information about Mr C's account to credit reference agencies. There is a dispute about whether, and to what extent, Mr C has suffered any loss as a result of that incorrect information.

Mr C says he became aware of the incorrect information when he tried to switch his mortgage. The fixed rate on his old mortgage was due to end on 1 May 2021. He was trying to arrange a switch to a new fixed rate deal with a different mortgage provider. It appears he started this process in April. He's provided an email from the new mortgage provider dated 30 April 2021 which states that the application was

"currently declining due to credit reference information"

The new mortgage provider doesn't indicate that there is any other reason why the application hasn't been successful. And, having looked at Mr C's credit file, the only adverse information that was appearing was the information which Hitachi accepts it had wrongly recorded. So, I'm persuaded on balance, that but for the adverse information recorded by Hitachi, it's likely the mortgage application would have been able to progress.

I now need to consider what loss Mr C has suffered as a result of the adverse information Hitachi wrongly recorded. Mr C accepts he was slow to apply to the new mortgage provider and it is unlikely he would've been able to switch to the new mortgage provider before 1 May. I can see that it was a month later, 3 June 2021, before Hitachi formally wrote to Mr C and confirmed it had wrongly recorded the information. After that date the new mortgage provider still carried out its usual application checks and that process appears to have taken around two months. So, I agree with our investigator that, taking everything into account, it's fair and reasonable to say that the application was delayed by around one month.

Our investigator thought that the correct measure of damages was the difference between the fixed rate Mr C had been paying on his mortgage prior to 1 May 2021 and the variable rate he started to pay after that date. I disagree with this view. After 1 May 2021, the old fixed rate was no longer available. So, he was always going to have to pay the variable rate after that date until he switched to a new fixed rate deal.

The terms of the new fixed rate deal were very attractive. He had been paying £650.05 on his old fixed rate. This reverted to £1094.68 after 1 May 2021. But, the monthly payments on the new deal he negotiated with the new mortgage provider were much lower – £371.08. And, after he switched, he started to make that reduced payment. So, I've provisionally decided that the correct measure of loss here is the difference between one month's payments on the variable rate for the old mortgage and the fixed rate payment on the new mortgage. That is £723.60 (being £1094.68 less £371.08) together with 8% simple interest on this amount from 1 July 2021

(which is the date I think, on balance, it's likely he would've been able to switch had it not been for the adverse information recorded by Hitachi) to the date of settlement.

I've also considered the amount of compensation which Hitachi has already paid to Mr C for distress and inconvenience. I can see that as soon as he reported this matter to it, Hitachi took action to correct the information it had recorded and it apologised for what had happened. In these circumstances, I've provisionally decided that the £200 compensation it's already paid for distress and inconvenience is fair and reasonable. I don't require it to have to do anything further.

My provisional decision

For the reasons given above my provisional decision is that I intend to uphold this complaint about Mitsubishi HC Capital UK plc trading as Hitachi Capital Vehicle Solutions. I intend to require it to take the following actions:

- *Pay Mr C £723.60 together with 8%* simple interest on this amount from 1 July 2021 to the date of payment.*

Hitachi has not responded to my provisional decision, despite having been given additional time.

Mr C did respond to my provisional decision. He said he was disappointed that the settlement figure was lower than his original estimate which he believed was conservative. He said he had nothing further to add.

So, I now have to make a final decision.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Hitachi hasn't responded to my provisional decision or made any comments about it.

I've noted Mr C's comments. When he complained to our service, he estimated that his loss was equivalent to the additional mortgage payments he'd incurred because of a delay of between 4-6 weeks completing his new mortgage. He also thought he should be compensated for approximately eight hours, at his usual hourly rate, for time spent trying to resolve the issue.

In my provisional decision, I explained why I thought it was fair and reasonable to say that the application for Mr C's new mortgage was delayed by around one month. I also set out how I thought the correct measure of his loss for that delay should be calculated. Although Mr C has expressed his disappointment, he hasn't set out any further reasons why he thinks Hitachi should have to contribute more.

I've also thought about what Mr C told us about his time spent trying to resolve the issue. I'd just make clear that when considering whether to make an award for distress and inconvenience we take into account the impact of the business's mistake to see if it was more than someone would expect to experience as part of everyday life. And, although we do look at the time spent trying to sort things out, we don't usually consider the consumer's hourly rate.

So, in this case when deciding on the level of compensation I had looked at what Mr C told us about the impact of the business's mistake on him. As I said in my provisional decision, as soon as Mr C reported the matter to Hitachi, I was satisfied it took action to correct the information it had recorded. And, having looked at everything again, I remain of the view that the £200 compensation, which Hitachi has already paid to Mr C, is fair and reasonable compensation for the distress and inconvenience he experienced.

Having considered the responses to my provisional decision, I haven't changed my view about the actions I require Hitachi to take to resolve this complaint.

My final decision

For the reasons given above I uphold this complaint about Mitsubishi HC Capital UK plc trading as Hitachi Capital Vehicle Solutions. I now require it to take the following action to resolve this complaint:

- Pay Mr C £723.60 together with 8%* simple interest on this amount from 1 July 2021 to the date of payment.

If Mitsubishi HC Capital UK plc trading as Hitachi Capital Vehicle Solutions considers that it's required by HM Revenue & Customs to take off income tax from any interest due to Mr C it should tell him how much it's taken off. It should also give Mr C a certificate showing this if he asks for one, so he can reclaim the tax from HM Revenue & Customs if appropriate.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr C to accept or reject my decision before 9 September 2022.

Irene Martin
Ombudsman